

# Andrew Carnegie on the Witness Stand

One of the Chief Beneficiaries of a High Protective Tariff Makes Bold Confession and Advises Against Tariff Graft for the Future

Andrew Carnegie, the ironmaster, the man who, through the high protective tariff, grew so rich that he seems unable to give away his money, told his story on the witness stand recently. Mr. Carnegie appeared before the house ways and means committee and his testimony is so interesting and so important that the Associated Press report of that testimony is given in full. Here it is:

Washington, December 21.—Andrew Carnegie, famous for the millions made in the steel business and for his views on economic questions, was an entertaining, if not instructive, witness before the house ways and means committee tariff hearing today. An article on the tariff relating to the steel schedule written by Mr. Carnegie recently appeared in a monthly magazine. Owing to the statements made in that article it became the basis for the questions asked by the members of the committee at the hearings on the steel schedule. As the testimony of various steel manufacturers was at variance with the statements made by Mr. Carnegie the committee invited him to give any information the committee could use. As Mr. Carnegie declined to accept the invitation he was subpoenaed. Mr. Carnegie was to have been heard nearly two weeks ago, but asked for a postponement, evidently for the purpose of having the committee secure the testimony of other steel magnates first.

## TELLS SOME FUNNY STORIES

Although he was on the stand for nearly eight hours, Mr. Carnegie laughed and joked good naturedly throughout. He exasperated several of the "standpatters" with his epigrammatic replies, praised the genius of Charles M. Schwab, urged the committee to accept the testimony of Judge E. H. Gary as conclusive, and told several funny stories. He avoided figures, however, to such an extent that it was doubtful if the tariff framers are any more enlightened on the steel question tonight than they were before Mr. Carnegie was sworn in at 9:30 this morning.

Mr. Carnegie's principal contention was that the steel industry needs no more protection; that it has reached a point in its development where the American manufacturers can compete with the world under free trade conditions. While he claimed that the cost of labor and production of steel are less in this country than the other countries producing steel, Mr. Carnegie gave no figures to support his contentions.

## ADVISED TO BELIEVE GARY

He said Judge Gary told the committee that the United States Steel corporation can get along without a tariff on its products and that should be sufficient evidence for the committee to take off the duty on steel and iron.

Mr. Carnegie's testimony was most unique and interesting and he frequently caused much laughter, the joke often being at the expense of the chairman or some other member of the committee. He declared emphatically against combinations or "trusts," and said he had nothing to do with the sale of the Carnegie Steel company to the United States Steel corporation. He characterized the "stock gamblers" as being the worst citizens a country could have, and said he never had one associated with him in business.

Mr. Carnegie dealt largely in theories and deductions, stating that he was merely expressing his opinion when his testimony varied from that of Judge Gary and Mr. Schwab. He said that these two gentlemen were very truthful, but were interested witnesses and the committee should not place too much stress on figures supplied by "interested witnesses."

## ENJOYS THE CROSS-FIRE

Mr. Carnegie evidently enjoyed the cross-fire of questions put to him by both republican and democratic members of the committee, but frequently expressed regret that he could not cross-examine members of the committee. He seemed to devote his energies to making Chairman Payne and Representatives Dalzell and Fordney uncomfortable. He called Mr. Dalzell "John," and either gave him such evasive

replies to his questions or dealt with him in such manner as to turn an evidently serious discussion into a humorous one. The member from Pennsylvania soon subsided into silence. Mr. Fordney, after having asked Mr. Carnegie many hypothetical questions, gave a somewhat elaborate account of his views on protection and then asked the smiling Scotchman: "What do you think of my opinion on this point?"

"I think you are entitled to hold them," was the quick rejoinder, while the spectators joined the rest of the committee in a hearty laugh at the expense of Mr. Fordney.

## STANDS BY MAGAZINE ARTICLE

The Laird of Skibbo castle testified in support of the statement that he made in his magazine article, declaring that the facts show that the steel industry needs no protection. As a witness Mr. Carnegie proved the most interesting who has appeared before the committee, interspersing his testimony with humorous and epigrammatic remarks.

Praising the genius of Charles M. Schwab, Mr. Carnegie suggested that congress should extend a vote of thanks to Mr. Schwab for his work in improving the methods of steel making in this country.

"I never met his equal," said Mr. Carnegie in speaking of Mr. Schwab, "and when we were partners we were a great team."

"That is very apparent," remarked Chairman Payne.

Speaking of the testimony of Judge Gary before the committee, Mr. Carnegie said:

"You should not place any real value on the testimony of interested parties. Judge Gary said that the United States Steel corporation could stand for a reduction in the tariff on steel, but that the smaller steel manufacturers could not survive with lowered duties. That is like one of Esop's fables. Judge Gary is like the monkey who desired the chestnuts, but wanted the cat to pull them out of the fire."

## KEEPS ROOM IN LAUGHTER

The crowded hearing room frequently rang with peals of laughter at the quips of Mr. Carnegie, who seemed to be in splendid shape for the questions asked by Representatives Dalzell and Payne. At one point Mr. Payne leaned over and whispered to Mr. Dalzell, who sat at his right.

"I wish the chairman would tell me what he said to Mr. Dalzell; I think I ought to know," Mr. Carnegie protested.

There was a roar of laughter throughout the room, but Mr. Payne made no reply. Leaning over with his hand to his ear and his head cocked to one side, in imitation of the attitude assumed by Mr. Payne in whispering to Mr. Dalzell, Mr. Carnegie said:

"I should say that your words were, 'the jig is up.'"

Mr. Carnegie was not willing to deal in figures. "The more figures you get, the more you will be befogged. I do not judge by figures given by interested parties," he said at another point in his testimony; "I judge by results."

The former steel magnate said that Judge Gary had issued an annual statement showing that the United States Steel corporation had made a profit of \$158,000,000 which he said equalled a profit of \$15.50 a ton on all steel produced.

Mr. Carnegie avoided direct replies to questions as to whether the cost of producing steel at the present time as given by Judge Gary and Mr. Schwab was correct. "Mr. Schwab's estimate of the present cost is based on entirely different ideas than his estimate on the cost in 1899," was all that Mr. Carnegie would say.

## EUROPE CAN NOT COMPETE

Replying to a question from Mr. Cockran, Mr. Carnegie declared that the removal of the duty on steel would not necessarily affect the prices, because Europe could not successfully compete with the American product. He also said that if the figures given by former witnesses were absolutely correct steel stock would be selling below par.

Mr. Carnegie spoke of the difficulties he

experienced with directors ignorant of the steel business. "I gradually bought them out and got men like Schwab around me, and we made the cheapest steel that has ever been made."

"You've been out of steel some time," said Mr. Payne; "can you tell us where we can get the figures on the present cost of making steel?"

"I don't know whether you can get the figures," was his reply. "If a judge was interested in a case you would not respect his decision, would you?" he asked, referring to the steel manufacturers who have appeared before the committee.

There was no reply to Mr. Carnegie's question.

"Silence in the court room," he laughed. "It's too bad I have to submit to be cross-examined and can't get a chance to cross-examine these dignitaries."

Mr. Carnegie asserted that at the rate at which iron ores are being extracted the supply would be exhausted in forty years. He based his statement on the best expert opinion he could obtain, he said. He also said that England would be in the same condition in seven years.

## REFERS TO JUDGE GARY

The testimony of Judge Gary was frequently referred to in the questions asked of Mr. Carnegie. Reference was made particularly to a statement that the duty on steel could be taken off as far as the steel corporation is concerned, and Mr. Carnegie said this position should be accepted by the committee.

An argument was precipitated by this statement between Messrs. Payne and Dalzell on one side claiming that Judge Gary did not say the duty could be removed on all steel products, and Mr. Cockran, on the other hand, claiming that Judge Gary's testimony was to that effect.

"Judge Gary has summarized the facts for you?" said Mr. Carnegie, "and I should depend on them. He has told you that they don't need the duty. If the cost of steel rails has increased abroad as it has increased here you will find Judge Gary's statement quite true and that he could stand free trade."

"Judge Gary had testified that the price is as high abroad," said Chairman Payne.

"Then does not that show that you have nothing to fear from free trade?" was the prompt rejoinder.

Mr. Carnegie was questioned at length regarding the cost of producing steel, but the witness declared that honest men easily differ on that question. The steel business, he said, was a business by itself, and the cost to one man was a very different thing from the cost to another.

"When a gentleman of Judge Gary's character," he said, "comes to you and tells you he does not need a tariff you ought to believe him." He insisted in reply to questions by Mr. Bonyng that the railways were not paying too much for steel rails. The steel rail makers he thought were making a fair profit.

"How about other steel products besides steel rails?" Mr. Bonyng inquired.

"I have not a word to say," Mr. Carnegie replied. "That's out of my province."

## CALLS SCHWAB A GENIUS

Mr. Ford recited the testimony of Mr. Schwab, and was interrupted by Mr. Carnegie with the remark that "he is a genius."

Breaking in upon a Scotch story which Mr. Carnegie related and in the course of which the witness mentioned the name of Judge Gary, Mr. Payne asked if it was intended to characterize Mr. Gary as "a sleek article."

"Oh, no," said Mr. Carnegie. "On the contrary, he is a most lovable man. It means that he is shrewd. It means that he has a delightfully sweet nature."

"Would you recommend an income tax to make up the deficit in the revenues?" Mr. Fordney asked.

"I believe," replied Mr. Carnegie deliberately, "with Mr. Gladstone, who has had more experience with the income tax than any man of his day—that an income tax makes a nation of liars. Of all the demoralizing taxes that